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PROJECT APPROVAL NOTIFICATION

PROJECT APPROVAL NOTIFICATION

PROJECT		<input checked="" type="checkbox"/> CA <input type="checkbox"/> FI/CI	<input type="checkbox"/> PROPRIETARY <input type="checkbox"/> SUBSIDY <input type="checkbox"/> DIRECT	
			AREA	
ACTION		DIVISION		
	NEW PROJECT	GA Staff		
	AMENDMENT			
XX	RENEWAL (FY 1966)	BRANCH		
	TERMINATION	DESK		
	EXTENSION	CASE OFFICER		
	OTHER	EXTENSION 7310		

AUTHORIZATION

APPROVING AUTHORITY		TOTAL AMOUNT APPROVED		FY	AMOUNT
ADD/P 10 November 1965		\$ []		196 6	
PERIOD OF APPROVAL				196	
FROM 1 July 1965 TO 30 June 1966		FINANCIAL CODE SYMBOL	6124-0059		

CONDITIONS OF APPROVAL

Renewal of Project DYPILLAR approved in the amount of

[] for FY 1966.

**DECLASSIFIED AND RELEASED BY
CENTRAL INTELLIGENCE AGENCY
SOURCES METHODS EXEMPTION 382B
NAZI WAR CRIMES DISCLOSURE ACT
DATE 2007**

**APPROVED SUBJECT TO ANY COST REDUCTION
INDICATED ON FORM 2500.**

SIGNATURE		(Signed) []		DATE
				12 NOV 1965
DDP/PG				

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**APPROVED SUBJECT TO ANY COST REDUCTION
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CENTRAL INTELLIGENCE AGENCY
SOURCES METHODS EXEMPTION 3B2B
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DATE 2007

NATURE

(Signed)

DATE

12 NOV 1965

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PROJECT ACTION

PROJECT CRYPTONYM

BTPILLAR

	TYPE OF ACTION		FI/CI	XX	CA	
	NEW PROJECT APPROVAL	DIVISION				
	AMENDMENT NO.	FIELD STATION				
	RENEWAL FY 1966	BRANCH	CA/2	DESK		
	EXTENSION	CASE OFFICER		[initials]		
	TERMINATION	ROOM NO.	BUILDING	EXTENSION		
	4 D 30	Hou	7310			

CONCURRENCES OF DIVISION

ORGANIZATIONAL ELEMENT	TYPED NAME (And signature)	DATE	COPY NO.	MEMORANDUM ATTACHED	
			YES	NO	DATE
C/CA/2	[initials]	9/15/65			
C/CA/202	[initials]	9/19/65			
C/CA/204	[initials]	9/20/65			
C/CA/206	[initials]				
DC/CA	[initials]				
C/CA	[initials]	4 NOV 1965			

CONCURRENCES OF OTHER COMPONENTS

C/TE/CA	[initials]	9/24/65		
MI/COP	[initials]	21 SEP 1965		
DBP/PG/CA	[initials]	9 NOV 1965		
DBP/PG	[initials]	10 NOV 1965		
			APPROVED SUBJECT TO ANY COST REDUCTION INDICATED ON FORM 2500	

APPROVAL

FROM	TO	PERIOD	TOTAL AMOUNT	FY	AMOUNT	
				1966	\$	
1 July 1965	30 June 1966	[initials]	[initials]	1966	\$	

APPROVING AUTHORITY	SIGNATURE	DATE
Deputy Director for Plans	/s/ T. Karamessines	10 NOV 1965

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CA/PEG Project Record Sheet

Initials Date

DC/CA/PEG			Project Name:	DTPILLAR
C/CA/PEG	[]		Country:	CA/2
C/CA	[]	4	Type of Action:	FY 66 Renewal
DDP/PG	[]	10 NOV 1965	PEG Evaluation Officer:	[]
ADDP	✓	10 NOV 1965	Date Received:	24 September 1965
			Date Due In DDP/PG:	

Interagency Coordination:

The SOS Committee last reviewed and approved the concept of TAF on 12 December 1964. Normal program liaison has been maintained with the Department of State, in Washington and abroad. TAF representatives in the SOS Committee to maintain necessary liaison with U.S. Government officials either overtly or through the stations, covertly.

COMMENTS:

1. DTPILLAR requests [] (as programmed) for FY 1966 to provide funds for the continuation of the activities of the Asia Foundation (AF). In FY 1965, DTPILLAR was approved for and obligated \$1 [].

2. TAF programming during FY 1965 has been highlighted on pages 2 to 6 of the program renewal.

3. A continuing problem for TAF is one of maintaining its cover as a non-governmental organization, so much in Asia as in American embassies, and in the United States. CA/2/2/2 is presently working with DDP/PG to develop a plan of the agency to develop an improved image of TAF. TAF will issue a annual report to the SOS Committee, and a memorandum to pending legislation in Congress.

4. TAF's cover and stay behind potential, however, were clearly demonstrated during FY 1965 by its ability to remain, fully operative, in Cambodia after withdrawal of all Americans, officials and private citizens. During FY 1966 TAF will strive to remain in place in Cambodia, help shore up the non-military effort in South Vietnam, respond selectively to requests for assistance from the new government in Ceylon and build further on its access to intellectuals in Japan. The Foundation's access to the inner circles of communism will continue to be utilized. Further direct support to [] programs will be provided whenever possible. Continued efforts will be made to place advisors in positions with Asian governments and private institutions.

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5. The Foundation has continued to review its programming with special attention given to duplication. Each country program was carefully reviewed with the station, concerned, with particular reference to programs being carried out by State, AID, USIA, the Peace Corps as well as those of non-government organizations. It was ascertained that TAF programming either complemented or was catalytic but did not duplicate.

6. During FY 1965 a series of seminars and training programs conducted by the Agency to better inform and integrate the TAF staff into the Agency and U.S. Governmental operational efforts in Asia (see page 5) plus a change in presenting the projected budget estimates for the year beyond the current fiscal year have improved the Agency's functional and operational guidance to TAF and have given the TAF staff a more direct sense of contributing toward common U.S. national objectives.

7. In April 1965, a complete review of the Project's intelligence production led to changes in Agency handling of TAF raw reports. In FY 1965, 144 reports were disseminated. It is anticipated that there will be an increase in the timeliness, quality and number of project disseminations in FY 1966.

8. TAF's budget presentation for FY 1965 and FY 1966 is summarized on pages 9 and 10. CA/PNG comments and further details on the administrative portion of the budget and the use of the Special Categories A, B, C and D in FY 1965 can be noted in Attachment A.

9. Pages 11 and 12 lists the amounts and percentages of TAF programmed funds allocated to various categories of activities such as Dissemination, Labor, Representatives DATO, etc. CA/PNG comments plus copies of the Ambassador's letters concerning TAF's activities in their respective countries can be noted in Attachment B.

10. Pages 13 and 14 of the project report show the breakdown of programmed and developmental funds allocated to countries concerned in FY 1965 and FY 1966. The programmed funds of [] in FY 1966 is an increase of [] over the FY 1965 program with the principal increases being allocated to Afghanistan, Pakistan, India, Ceylon, Malaysia and the Republic of China. The DATO funds for the TAF Representatives, [], has also been increased by \$114,280. Considering the situation currently developing in Indonesia, the sum allocated to Indonesia is inadequate. There are no developmental funds set aside for Indonesia and a small program listed at []. This may have been adequate when the TAF program was prepared, but is no longer applicable.

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It is probable that the U.S. Government will not get involved directly in the Indonesia situation for some time to come. Thus, this may be an area in which TAF could and should allocate personnel and funds. GSA/PBS suggests that TAY investigate the possibilities of programs for Indonesia and if possible, the time for a special ASIA COMMUNIQUE could be considered. For this purpose, see note on page 7, ATTACHMENT 1, which states that the DDCI has been informed and approved by the Agency. This could be particularly important on any proposed TAF activity in Indonesia.

11. On 12 October 1968, the DCI, G/SA and G/SA/B3 met with the president of TAF, Dr. F. Myron Williams, at which time Dr. Williams briefed the Director on the work of the foundation, its significant current projects and future plans. ATTACHMENT J, a memorandum prepared for the 12 October meeting with Dr. Williams, contains biographic data on Dr. Williams, a fact sheet on the ASIA Foundation, TAF's Board of Trustees and the highlights of the current TAF program.

12. No IMMEDIATE ACTION APPROVAL. The report was reviewed by the GSA Division and received their concurrence.

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SPECIAL FUNDS

1. On 14 April 1964 at the request of TAF, a meeting was held with the DCI to discuss a supplementary TAF budget request for FY 65 totaling nearly []. At the meeting were the DCI, DDP, DC/CA, C/CA/B2, the Chairman of the Board of Trustees of TAF, and the President of TAF. Submitted to the DCI was a TAF Board of Trustees resolution endorsing the budget request to the DCI. TAF's basic position was that TAF is now a well-established and accepted organization in Asia capable of supporting an expanded operational program without equivalent additional administrative costs.

2. After a review of TAF's request, the CA Staff in June 1964 recommended to the DCI that CIA respond favorably to approximately 50% of TAF's request for supplemental funds, or []. On 26 June 1964, the DCI authorized this additional amount.

3. The funds authorized by the Agency were FY 1964 year-end savings. In order to enable the project to utilize these funds in a manner consistent with cover, it was suggested that the funds be encumbered and listed on the financial statements as FY 1964 Special Encumbrances. Authority to waive the limitations on encumbrances and criteria for approved projects was obtained from DD/P/PG and SSA/DD/S on 30 June 1964. The Project was directed to formally approve, at their BOT meeting in July 1964, as additional encumbered funds for FY 1964 the amount of [] for the purposes approved by the DCI on 26 June 1964:

- a. Restoration of 39 projects in thirteen countries []
- b. Strengthening of Career Services, Training and Personnel Assignments []
- c. Restoration of The President's Reserve Fund []
- d. Special Anti-Communist Development Fund []

Examples of Projects approved for Category A:

- 1. Support of an American Rural Specialist in Cambodia.

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2. Research in Depth on Japanese Upper House Election Patterns.
3. Support to Professor Gisbert Flanz as adviser to the Administrative Improvement Research Commission, Korea.
4. Support to the Philippine Rural Reconstruction Movement.
5. Support to the Voluntary Credit Union Center, Taiwan.

Projects approved under Category C:

1. Training for Cooperative Development in Cambodia (Training was done in Israel with highest interest and approval of Prince Sihanouk)
2. Support of an adviser on Student Guidance & Counseling, New Asia College, Hong Kong.
3. Support of an adviser on University Administration, Seoul National University.
4. Support of Organizers for Farmers' Association in Kuala Lumpur. Observation Tour of Political Leaders in Kuala Lumpur.
5. Professor of International trade in Singapore.

Examples of Category D:

1. Spanish Edition of The China News Analysis for distribution in Latin America.
2. Counseling Centers for young workers in Japan.
3. Chinese adviser to the Ministry of Education in Laos.
4. Taiwan Journalists tour of Africa and Latin America.
5. Support to the World Fellowship of Buddhists Conference in Sarnath, India.

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BREAKDOWN OF ADMINISTRATIVE BUDGET FOR FY-1965 & FY-1966

This part of the budget represents the costs required to provide backup support and service to overseas operations; to maintain essential liaison with United States universities, suppliers and other institutions and to provide overall policy control and direction for Foundation operations. The San Francisco office also serves as a training ground for young men ultimately slated for overseas assignment. Sixty-one percent of the total administrative budget is devoted to these purposes. The budget provides for 85 employees in the San Francisco office and for 5 employees in the New York office. The budget is broken down among types of expenditures as follows:

<u>General Administration</u>	<u>FY-1965</u>	<u>FY-1966</u>
Personal Services	1	1
Operating Expenses	1	1
General Expenses	1	1
Capital Outlay	1	1
New York Office	1	1
TOTAL...	1	1

Overseas Administration

This part of the budget finances the operating costs of the seventeen offices in Asia and will be spent through the following accounts:

<u>Overseas Administration</u>	<u>FY-1965</u>	<u>FY-1966</u>
Allowances	1	1
Foreign Income Tax	1	1
Movement of Personnel	1	1
Operating Expenses	1	1
Capital Outlay	1	1
TOTAL...	1	1

CATEGORY B SPECIAL FUNDS

The purpose of these funds was to strengthen the Personal Services (Fringe Benefits) to enable the Foundation to be better able to compete in the labor market and attract the

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best young men available to career's with TAF, funds were spent in the following manner:

Personal Services and Salary Improvement

Installation of a Language Laboratory, Library

Special Week-end Training Seminars (Agency Training)

Maps, Books & other Materials Related to Training Programs

Consultation Fees for Studies on TAF's Administration Structure (Allowance Schedule, Salaries, etc.)

Cost of Buddhist Study (To provide Travel & Cover Fees to be paid Experts in the Buddhist Field for TDY to Bangkok for the Final Buddhist Conference)

President's Study Award

Strengthening Overseas Administration (Retention of an Assistant Rep. in Cambodia which had not been budgeted for in FY 1965)

TOTAL...

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6. Distribution of Agency recommended Books on Contemporary China to appropriate Ministries & unofficial advisors on China affairs in India, Thailand, Japan.

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Attachment A

Comments on TAF Budget (DTPILLAR Project Renewal, FY 1966)

1. The TAF Board of Trustees have long felt that there should be a revision in TAF's budget presentation and accounting procedures to conform to those of other private foundations. Pending a complete review of the format required by the Administrative Plan, TAF plans to use the format noted on page 7 of the project renewal. The major change in the budget presentation appears to be the inclusion of the salaries of the Representatives and his assistants plus the salary of his senior local employee under Programs and identified as Support rather than to include these costs under General Administration. This change would be more in line with the budget presentation of other U. S. foundations.

2. TAF's budget for FY 1965 and FY 1966 is summarized on pages 9 and 10 of the project renewal. In June 1964, the DCI authorized supplemental funds amounting to (Agency savings from FY 1964) which are listed as Special Category B under Administrative and Special Categories A, C and D under Programs. A more detailed breakdown of the Administrative portion of the budget and the use of the Special Categories is attached. Special Category B () has been used to strengthen TAF's career service while Special Categories A (), C (), and D have been used to implement specific activities and projects in FY 1965, and include the restoration of the President's Reserve Fund and the establishment of a Special Anti-Communist Development fund, both of which will be continued under their own headings in the FY 1966 budget. General administrative costs in FY 1966, , have risen only slightly over those of 1965, . In the case of overseas administration, including Salaries for Overseas representatives and his key associates (see Support under Programs) there has actually been a reduction in FY 1966, , as compared with FY 1965.

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ATTACHMENT B

**Comments on TAF Program Categories
(DTMILLAR Project Renewal, FY 1966)**

1. The amounts and percentages of TAF programmed funds in FY 1966 and FY 1965 allocated to various categories of activities such as Education, Labor, Representatives D&TO, etc. are listed on pages 10 and 12 of the project renewal. Since the distribution of TAF's programmed funds is to a considerable degree dependent upon the social, economic and political climate of the countries in which TAF is active, it is difficult to evaluate from this distance whether or not there is a balanced portfolio in the distribution of the programmed funds between the various categories. GA/PEG believes that this is primarily a field decision. Along these lines, TAF Representatives coordinate their programs with the Stations, and the Ambassador's commenting on TAF's program in their respective countries have given a favorable response. Attached are copies of the Ambassador's letters commenting on the effectiveness of TAF program in their areas and the cooperation they have received from TAF Representative.

2. In FY 1966, there has been a reduction of approximately 10% in TAF's activities in Education with an increase in its activities in Labor, Media, Youth and Students and Law and Government which appears to fulfill TAF's role in Asia and to meet the requirements of the Stations and the Ambassadors. In FY 1966, the TAF Representatives have allocated 14% or \$629,325 of the programmed funds as D&TO. As noted on page 13 of the project renewal, the Representatives D&TO is used to support those projects or activities which have not matured to the point of presenting a firm project proposal and to permit the Representative to seek out and explore new opportunities for programming.

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8 OCT 1965

MEMORANDUM FOR: Director of Central Intelligence
VIA: Deputy Director for Plans
SUBJECT: Luncheon Meeting with Dr. T. Haydn Williams,
President, The Asia Foundation (TAF) on
Tuesday, 12 October 1965

1. This memorandum contains information which may be useful to the Director of Central Intelligence as background for his scheduled luncheon with Dr. Williams on 12 October.
2. The purpose of the luncheon is to provide Dr. Williams with an opportunity to brief the Director on the work of the Foundation, its significant current projects and future plans. Attending the luncheon will be: Dr. Williams; Mr. Thomas Karaszewicz, ADDP [] ; Chief, CA Staff; [] , Chief, CA/ES; and a member of the TAF Board of Trustees.
3. It is anticipated that Dr. Williams' conversation will be devoted largely to an exposition of what his organization is doing in response to Agency and United States Government requirements. He may, however, request some reading on the outlook for funds in FY-1967. Paragraph 6, Tab B, to this memorandum contains current budgetary information.
4. Dr. Williams will be accompanied by a member of TAF's Board of Trustees. At this writing it is not known who this will be, but his identity and biographic data will be provided when known.

C []
Chief
Covert Action Staff

Attachments:

Tab A - Biographic Data - Dr. Williams
Tab B - Fact Sheet - The Asia Foundation
Tab C - The Asia Foundation Board of Trustees
Tab D - Highlights Current TAF Program

cc: DCI

DDP/CA/BS/[]:et ([]:b - 8 Oct 65)
Orig. - DCI 1 - DCI 1 - RR 1 - DDP
1 - ADDP 1 - C/CA 1 - CA/BS

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BIOGRAPHIC DATA

**Haydn Williams, born Spokane, Washington, 21 August 1919,
married, one step-child**

Education

**University of California (Berkeley), AB 1946
Fletcher School of Law and Diplomacy, MA 1947, Ph.D. 1958**

Employment

President, The Asia Foundation, 2 January 1964 - Present

**Assoc. Dean, Graduate School of Business Administration,
University of Washington, 1962-1963**

**Deputy Asst. Secretary of Defense for International
Security Affairs, 1961-1962**

**Deputy Asst. Secretary of Defense for National Security
Affairs and Plans, 1958-1961**

**Asst. Dean, Assoc. Dean and Assoc. Professor, Fletcher
School of Law and Diplomacy, 1952-1958**

Asst. Professor, University of Washington, 1949-1952

Pan American Airways, 1941-1946

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FACT SHEET: THE ASIA FOUNDATION

1. General: CIA created The Asia Foundation (TAF) shortly after the Korean War in response to a demonstrated need for an ostensibly private organizational asset through which the United States Government could counter communist initiatives and cope with rising nationalism and economic insufficiency, in ways not open to U. S. official attention. After twelve years operation, TAF is now firmly established in Asia with an excellent range of contacts in the 13 countries where its Representatives are working closely with Chiefs of Station and Ambassadors to catalyze, support and make more effective Asian initiatives which advance U. S. policy objectives.

2. Basic Scope of Operations:

a. TAF employs 157 Americans (most are witting of the CIA/TAF connection) and 240 foreign nationals (non-witting).

b. It has 17 resident offices in 13 Asian countries from Afghanistan to Japan, a U. S. Headquarters office in San Francisco and program service office in New York.

c. There are currently approximately 300 TAF projects, each supported by a signed letter of agreement between TAF and an Asian individual or organization. Many of these projects are small, one-time grants for travel, goods, or services. However most TAF projects are approved for one year's duration, subject to renewal; the entire program is reviewed by Stations, the Ambassador, and CIA Headquarters.

3. Policy Guidance and Review: TAF's country programs are written in the field by the TAF Representative who coordinates them in detail with Stations. They are reviewed here with Area Divisions of the DDP, and commented on annually by each Ambassador. TAF's programs must not only be consistent with U. S. policy, but must actively support the attainment of Country Team objectives. The review procedures just described assure compliance. Yet within this policy guidance framework there is ample room for TAF management and its Working Board of Trustees to exercise their initiative and judgement, an essential ingredient to effective programming.

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4. Station-TAF Relationships: TAF Representatives are specifically prohibited from recruiting and handling agents; they do, however, spot, assess and report on individuals of potential interest to Stations. Under Station guidance, TAF's overt programs support organizations and individuals of active interest to Stations.

5. Cover: In the field, TAF's cover is considered good, as evidenced by the fact that Asians continue to invite TAF to program in sensitive areas of their national life. Communist Chinese media attack TAF as an instrument of the USG, but such attacks ~~usually~~ refer also to Ford and Rockefeller Foundations. Within U.S. academic and Foundation circles, TAF is accepted as a respected and experienced institution, but is subjected to occasional allegations from certain individuals that it is connected with and supported by CIA. *14. 5/10/67*

6. Budget Data: TAF's budget allocation this year is [] it spent the same amount last year. TAF has just presented ~~to~~ ~~the Agency~~ a detailed budget justification, developed in the field, in consultation with our Stations and [] indicating a need for [] in FY-1967. This request is under review by the ~~the~~ ~~the~~ Staff and the Area Divisions ~~concerned~~.

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THE ASIA FOUNDATION BOARD OF TRUSTEES

Stanley C. Allyn
Robert B. Anderson
Barry Bingham
Ellsworth Bunker
Arthur H. Dean
Mortimer Fleishhacker, Jr.
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Dr. Caryl P. Haskins
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T. S. Peterson
Dr. Lucian W. Pye
Mrs. Henry Potter Russell
Paul C. Smith
Russell C. Smith
Dr. J. S. Wallace Sterling

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HIGHLIGHTS CURRENT TAF PROGRAMS

AFGHANISTAN

TAF has in place eight highly qualified American advisors, all of whom occupy important posts of influence, e.g., Economic Advisor to Minister of Commerce; Advisor to Radio Kabul (who shares an office with the Soviets); Civil Service Advisor to Minister of Plans; Advisor in the Government's Education Printing House - to pre-empt a Soviet initiative.

PAKISTAN

TAF supports the Central Institute of Islamic Research personally looked to by President Ayub as the vehicle through which he hopes to pacify dissident elements. TAF is sponsoring a tour to the U.S. of the senior GOP legislative draftsman and made arrangements for him to undertake several months study in the U.S. Congress. This was precipitated by another TAF project which sent Dr. Charles Zinn (Senior Legislative Aide to the U.S. Congress) to Pakistan.

INDIA

Programming here is carefully coordinated with the Ambassador, and with the several American private and official organizations. TAF is developing highly specialized pilot programs which, if successful, will be carried on by Indians, with Indian private and government funds; e.g. (1) Indian Parliamentary Institute; (2) National and International Studies Center, under M.J. Desai, former secretary to the MEA under Nehru; (3) Tibet House; (4) Research in key phase of family planning; and (5) Emphasis on provincial areas and young leadership potential.

CEYLON

TAF successfully rode out the open hostility of the Bandaranaike Government and overtures from the new Government are very encouraging. It has been asked to provide an economic advisor to the Government. An American professor assigned by TAF to teach political science at the University of Ceylon will soon publish a study on the History of the Trotsky movement in Ceylon.

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THAILAND

TAF's Buddhist and rural affairs advisor (Bill Klausner) is resident in Thailand and is available to Country Teams in Thailand, Laos, Vietnam and Ceylon. Klausner's natural access to Buddhist circles throughout Asia, along with TAF support to the Bangkok Headquartered World Fellowship of Buddhists, is perhaps the Agency's principal entree (link) to Buddhist affairs. TAF support pioneered research in the Northeast Hill Tribe Region, identifying many of the problems there for subsequent A.I.D., Station, and SEATO attention. TAF is providing the services of an American expert in Chinese affairs to the Ministry of Education.

MALAYSIA

Here TAF has resident Representatives in Kuala Lumpur, Singapore, and Jesselton, North Borneo. It has an American Olympic Track Star as advisor to the Ministry of Culture, Youth and Sports. TAF supports the Malaya Press which has broken the Communist monopoly in the Chinese textbook field and now controls 75% of the market. At the request of the Government of Singapore TAF has placed American professors of industrial relations, modern Chinese history, and political science at the Chinese University Manyang. Manyang is a prime target of pro-Chicom, anti-Malaysian elements. In Borneo, TAF is training the area's first indigenous civil servants, providing non-communist Chinese textbooks, supporting the teaching of English language, and providing coverage of the North Borneo area, which is beyond the Kuching Sarawak Base capability...some 500 miles away. Most of TAF's programming is in the more troubled area of Sarawak, however.

LAOS

TAF pre-empted Chicom initiative, and is now the sole supplier of Chinese language textbooks in Laos. It has placed a Chinese advisor in the Ministry of Education and is active in veterans organizations and cooperatives. Its program to up-date the education of remote village Buddhist monks is a counter-insurgency effort. TAF provides an American professor at the Royal Institute of Law who is viewed by Ambassador Sullivan as "one of the few professors of high standing in all of Laos."

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CAMBODIA

With the withdrawal of U.S. official presence in May 1965, TAF are the only Americans in Cambodia. TAF's stay-behind capability is largely the by-product of the great respect Prince Sihanouk had for former TAF Representative. Since the break in U.S. relations, TAF has noticed no restrictions on its programming efforts. Understandably, TAF personnel are under rather close surveillance and given Sihanouk's volatile personality, TAF could be asked to leave at any time. We have clandestine commo in and out, but are so far able to operate quite effectively with overt/commercial communications, supplemented with careful briefings and debriefings of TAF personnel when they travel outside Cambodia.

VIETNAM

TAF has been asked to develop a GVN Foreign Service Institute and staff it with a senior U.S. advisor. TAF has a number of programs designed to help integrate the Montagnard minority into the national life, has established the beginnings of a domestic Peace Corps through support and guidance to National Voluntary Services, and by highly selective programming with Buddhist lay organizations is attempting to focus Buddhism's new militancy along socially constructive lines. One of our most qualified officers is assigned to Saigon. With heavy U.S. official presence, TAF capability to help the Vietnamese shore up their own profile is useful in Saigon.

HONG KONG

Here TAF has a number of programs which support the production of factual, objective information about developments in Communist China. Of particular importance is the presence in Hong Kong of TAF's senior Chinese Advisor, who in addition to his TAF duties, acts as management and editorial advisor to the owners of the largest Chinese newspaper chain in Asia. In this latter capacity he is in direct contact with the Station. TAF has also selected and placed the new Vice Chancellor of the Chinese University and provided a full-time American professor of Student Guidance and Counseling at Chinese University.

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TAIWAN

TAF's program here is geared to three priority areas: (1) enhancing economic development, (2) stopping the scientific know-how flow from Taiwan, and (3) making Taiwan an attractive place for Chinese intellectual talent. The withdrawal of A.I.D. has greatly conditioned and sharpened TAF approach to these problem areas. TAF has been requested to provide an advisor to the Government on national economic planning. Its support has deeply influenced national science planning, e.g., on a TAF grant, Dr. Joseph Platt of President's Science Advisory Committee visited Taiwan, his recommendations were approved by the Executive Yuan, and the National Council on Scientific Development was reorganized. TAF's program enables Japanese and U.S. scientists to visit Taiwan and conduct science seminars. TAF supports the travel of Chinese professors and journalists to Africa, as a part of its program designed to enhance the GRC's prestige in areas where there are known Chinese initiatives.

PHILIPPINES

Most of TAF's resources are devoted to varying projects designed to alleviate rural unrest, pilot rural projects in Mindanao and support to the Philippine Army Civic action program. Its support to former President Remulo's Institute of Asian Studies (a policy planning organ of the GOP) is viewed as a means by which we may head off any pro-Indonesian lines of action and favorably influence the work of this center for formulating GOP policy. TAF's support to the U.S. Law Center may result in the travel of one of its associates to Latin America to lecture on jurisprudence as applied to crimes against the state...thereby favorably responding to a WH Division requirement. TAF, through programming, is able to bring its influence to bear on the Philippine Press Inst., National Defense College, and Foreign Service Inst.

KOREA

TAF's program is designed to bolster and moderate the Pak Government. TAF helped create a Korean Foreign Service Training Institute and has provided the services of ex-Ambassador Gallman as advisor. The former president of the University of Utah is now advisor to the Seoul National University. TAF provides an American advisor to the ROKG on government reorganization.

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JAPAN

Programs concentrated on Japanese int-----, have been closely monitored and guided by Amb. Eischauer and our Chief of Station. Views of leftist writers and professors have been moderated by exposure to world opinion in TAF-supported JOURNAL OF SOCIAL AND POLITICAL IDEAS. Facts on Communist China are produced through TAF support by the Center for Modern Chinese Studies and fed into outlets which influence Japanese attitudes toward Communist China. TAF will bring eight top American physicists to Tokyo this fall for a symposium in which they will be placed face to face with Japanese physicists who have had only Marxist training and are now target of Communist influence.

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SUBJECT: Projects QKACTIVE and DTPILLAR

I. The 5% cost reduction for Radio Liberty in FY 1966 was turned in as being \$553,000, which would be attempted from a budget of \$11,063,000. The 5% cost reduction for The Asia Foundation in FY 1966 was turned in as being [] which would be attempted from a budget of []. These organizations have been advised of the requirement to cooperate in the President's cost reduction program. The offices of these organizations are working closely with the CA Staff to achieve the President's objectives. The CA Staff continues to maintain pressure to achieve economies and insists that the proprietaries provide for their own higher priority obligations and opportunities from their FY 1966 allotments. The CA Staff does not anticipate any reduction for the full FY 1966 allotments.

In the first quarter report on Radio Liberty it was noted that some savings have been achieved through consolidation of activities and management economies in an estimated amount of \$239,000, but these savings do not result in any reduction in the \$11,063,000 required in FY 1966. The savings are being shifted to higher priority portions of Radio Liberty's approved programs.

No savings were indicated for TAF during the first quarter of FY 1966 since they operate on a different fiscal year basis. It is anticipated that complete accounts of projected savings and/or reallocation of FY 1966

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resources will not be available from its 17 field posts until the second or third quarter of the U.S. Government fiscal year.

II. In the 20% exercise for FY 1967, \$900,000 was listed for Radio Liberty and the entir [] was listed for The Asia Foundation. The latest reading on the list compiled from the 20% submissions to be used with the Bureau of the Budget indicates a reduction of \$1,900,000 for Radio Liberty and a similar amount of \$1,900,000 reduction for The Asia Foundation.

(Signed) []

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REQUEST FOR CA PROJECT RENEWAL

1. TOTAL FUNDS REQUESTED FY-1986

Administration

Total Administration

Programs

Overseas
San Francisco Administered
Support

Total Programs

President's Reserve Fund

Special Anti-Communist Development

Total Budget

2. AMOUNT IN WHICH PROJECT WAS INCLUDED IN THE OPERATIONAL PROGRAM

The Asia Foundation (TAF) was included in the FY-1966 Operational Program in the amount of \$1,000,000.

3. SUMMARY OF FUNDS APPROVED AND OBLIGATED BY FISCAL YEAR SINCE INITIATION:

<u>Fiscal Year</u>	<u>Approved</u>	<u>Obligated</u>
1951	C	C
1952	-----	
1953	- - - -	
1954		
1955		
1956		
1957		
1958		
1959		1

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1960
1961
1962
1963
1964
1965

* This includes the allotment of \$850,000 in FY-1964 funds approved 26 June 1964 for program and administrative expenses which were obligated and expended by FY-1965.

4. PROJECT DATA

a. Current Objectives: TAF's covert mission is to support the attainment of U.S. policy objectives. It does so by assisting Asian individuals and institutions in their efforts to strengthen their own societies and institutions, giving priority attention to programs which: (1) counteract the appeals of communism, (2) promote viable ties with the U.S./West, (3) redirect extreme nationalism, (4) eradicate irresponsible neutralism/non-alignment, and (5) inculcate concepts of freedom and democracy. As a covert political action instrument, TAF publicly eschews any relationship between U.S. official goals and TAF program objectives. This public stance is a practical accommodation to the fact that the entire scope of TAF programming is open to scrutiny by host governments and the Asian press as well as by other foreign governments and non-witting Americans. At the same time, by openly declaring its intention to assist Asians in activities designed to promote social and economic progress, and by carefully cultivating its public image as a private foundation, TAF is able covertly to support U.S. Government and Agency missions in Asia. Its modus operandi is to provide the means through which Asian groups and individuals, ostensibly acting in their own interests and for their own purposes, actually commit themselves to points of view and courses of action which support U.S. national interests. By carefully adhering to this modus operandi and taking pains to preserve cover, TAF has established access and influence at all levels of society in the countries of Asia where it has been represented during the past thirteen years. During FY-1965 TAF was able to utilize its special position and capabilities to make further significant contributions to U.S. Government and Agency goals. For example:

(1) In Afghanistan TAF continued to maintain American advisors in positions which allow them to influence and provide information on Afghan Government policy at the

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cabinet minister level. During FY-1965 TAF had nine advisors in the fields of education, economic planning and commercial development, civil service reform, and for the operation of The National Radio. The Civil Service advisor is the only foreigner in Afghanistan whose office is in the palace. The radio advisor, attached to the Ministry of Information, has been most successful in denying the Soviets complete freedom to manipulate the National Radio for Soviet propaganda purposes.

(2) TAF became the only American presence in Cambodia in May 1965 when the Embassy officially closed its doors and withdrew. TAF has retained personal access to Prince Sihanouk and all Government ministries and departments. The American staff and dependents have complete mobility within the country and either the Representative or his assistant travel to Bangkok at least once a month for a thorough debriefing by Station personnel. Both officers have been trained for clandestine communications in the event of an emergency or restriction of travel. It may be possible to place an American as Professor of Statistics for the School of Administration in the Royal Cambodian University who would also serve as an informal advisor to the Minister of Commerce. This would give the intelligence community a fourth American ear in a very strategic area.

(3) TAF successfully rode out the open hostility of the Bandaranaike Government and overtures from the new Government are very encouraging. Pending completion of negotiations for resumption of U. S. aid, TAF's programming in the small industries training program and provision of an economic advisor to the Government took on added significance. TAF programs with youth and students and Buddhists were considered by the Station to be areas of direct support to Station objectives.

(4) In Hong Kong TAF continued programs which support the production of factual objective information about developments in Communist China (The Union Research Institute, The Institute of Modern Asian Studies at Hong Kong University). TAF assistance to publications of the Union Press provided access to editorial content through which media support was created for the [] program. In addition, and at Station request, TAF supported the production of a Spanish edition of CHINA NEWS ANALYSIS, a respected English-language publication dealing with Communist China, for distribution in Latin America. A French language version for Africa, a Chinese edition for Southeast Asia, and a Japanese edition are planned for FY-1966. TAF's senior

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Chinese advisor has provided valuable support to Agency operations against Chinese Communist targets, both in his normal role as TAF advisor on Chinese affairs and as the management and editorial advisor to the owners of the largest Chinese newspaper chain in Asia. He is in direct contact with the Station in this latter capacity and substantially contributes to the [] program. TAF has also selected and placed the Vice Chancellor of the Chinese University and provides a full-time American professor of Student Guidance and Counseling at The Chinese University.

(5) In India TAF continued to develop highly specialized pilot programs coordinated very closely with the Ambassador and several American private organizations in residence. A TAF-supported program of research in a key phase of family planning, if successful, will be utilized in large Rockefeller/Indian Government effort. Research on Metropolitan Growth - a case study of Hyderabad City, was also undertaken during the fiscal year. Justice Goldberg's visit to India generated new interest and programs in the field of law, some of which will begin in 1966.

(6) In Japan TAF continued support to the Institute for Japanese Social and Political Thought and the quarterly **JOURNAL OF SOCIAL AND POLITICAL THOUGHT**. Facts on Communist China are produced by the Center for Modern Chinese Studies and fed into outlets which influence Japanese attitudes towards Communist China. TAF support to the Japan Workers Education Association and programming in youth and student field were of considerable operational interest to the Station.

(7) TAF support to the Student Guidance Center at Seoul National University and to selected private and provincial institutions provides access to sources which help keep the intelligence community informed of developments in the youth and student field in Korea. TAF programming in this field is designed to identify and alleviate some of the more immediate problems. In this connection TAF recruited the former president of the University of Utah as an advisor to Seoul National University on university administration. Ex-Ambassador Gallman completed his second year in Korea as advisor to the Foreign Service Institute. TAF supported Gisbert Flanz, a Station contact who has excellent access to highest Government circles, to assist the ROKG revamp provincial administration from that imposed by the Japanese. A pilot program in Urban Planning was begun during the year. This program is tied in very closely with Station objectives and the [] program.

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(8) TAF continued to supply Chinese language textbooks to Laos Chinese schools, pre-empting strong Chicom interest and initiative in this field. TAF provided an American professor of economics for the Royal Institute of Laos who is described by the American Ambassador as one of the few professors of high standing in all of Laos.

(9) In Borneo TAF is training the area's first indigenous civil servants, providing non-Communist Chinese textbooks, supporting the teaching of English language and providing the Agency coverage of the North Borneo area, which is beyond the [] capability.

[] views TAF as the primary vehicle for programming in the sensitive Chinese community of Malaya. The TAF-supported Malaya Press has broken the Chicom monopoly in the Chinese textbook field and now controls 75% of the market. TAF has placed American professors of Industrial Relations, Modern Chinese History and Political Science at Nanyang University and supports an American Olympic track star as an advisor to the Ministry of Culture, Youth and Sports.

(10) In Pakistan TAF supports the Central Institute of Islamic Research, considered by President Ayub as a vehicle for modernizing provincial government leadership and a channel through which to pacify dissident elements.

(11) TAF's primary program emphasis in the Philippines this year has been on projects designed to alleviate rural unrest. TAF initiated a pilot rural project in the Mindanao area, assisted [] Philippine Army Civic Action Program, and helped create the Philippine Press Institute, whose director is []. TAF also supported the Institute of Asian Studies, a policy planning organ of the GOP.

(12) In Taiwan TAF support made possible visits of Chinese professors to Africa and Chinese journalists to Africa and Latin America. These visits substantially enhanced the GRC's prestige in areas where there are known Chicom initiatives and little was known of the GRC. This year TAF was able for the first time to program in the labor field, supporting training seminars on the formation of Credit Unions conducted by members of SELA, an affiliate organization of the ICFTU. TAF assisted a significant effort to expand and improve the testing and guidance of students in Taiwan and held exploratory discussions on assistance to the GRC in their development of a Foreign Service Institute.

(13) TAF's Buddhist and rural affairs adviser is resident in Thailand and is available to Country Teams in

SECRET

Thailand, Laos, Vietnam and Ceylon. His natural access to Buddhist circles throughout Asia, along with TAF support to the World Fellowship of Buddhists, provide the Agency's principal entree to Buddhist affairs. TAF provided the services of an American expert in Chinese affairs to the Thai Ministry of Education who, in addition to these duties, served the Station in an [] capacity.

(14) In Vietnam TAF assisted in the establishment of a Vietnamese Peace Corps through support and guidance to the National Voluntary Services. Through the Institute for the Execution of Dharma TAF has supported Buddhist social service training and educational activities in an attempt to focus Buddhism's new militancy along socially constructive lines. TAF supported in-service training programs for Vietnamese journalists in cooperation with the International Press Institute, the Ministry of Psychological Warfare and the Union of Journalists.

(15) TAF continued its support of programs to identify and develop leaders in various fields by arranging for Asian participation in Congressional Fellowships, Nieman Fellowships and the Harvard International Seminar.

(16) The Student Grantee Program continues to be of interest and use to area desks, the [] and [] programs.

b. Changes: TAF Headquarters staff was reduced from 95 to 85 during the past year. The office in Karachi has been closed and U. S. personnel in the Tokyo office reduced by one (1) as part of the project's cost reduction effort.

U. S. Citizens in U. S.	85
U. S. Citizens in Field	64
Foreign Nationals in U. S.	4
Foreign Nationals in Field	
Operational	156
Custodial	60
	<hr/>
	369

There were no further additions to the Board of Trustees during the fiscal year. Two vacancies on the Board may be filled during FY-1966.

There are two changes in the budget presentation for 1966. The Board of Trustees have long felt there was a basic distortion in the present accounting procedures. Ford Foundation,

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for example, lists their entire overseas office expenses as a program expenditure. Pending a complete review of the format required by the Administrative Plan, TAF, with the concurrence of the Agency, now presents its budget request under the following format:

1. General Administration
 - a. San Francisco and New York
 - b. Overseas
2. Programs
 - a. Overseas
 - b. San Francisco Administered
 - c. Support
3. President's Reserve Fund
4. Special Anti-Communist Development

The salaries of the Representative and his assistants plus the salary of his senior local employee will be included under Programs and identified as Support.

The Special Anti-Communist Development Fund approved in the special funds for 1965 will be continued in FY-1966. These funds are for targetted efforts against specific Communist initiatives, each of which is to be expressly examined and approved by the Agency.

c. Intelligence Production: During FY-1965, 84 reports were disseminated. During April of 1965 a complete review of the Project's intelligence production was conducted with a view to further increasing the quality and timeliness of TAF intelligence reports. Changes have subsequently been effected in Agency handling of TAF raw reports. Agency training for Representatives and Assistant Representatives was initiated during the FY-1965 which included instruction on reporting in the field. It is anticipated that this will result in increased disseminations in FY-1966.

d. Effectiveness: TAF's cover and stay-behind potential were perhaps best demonstrated during FY-1965 by its ability to remain, fully operative, in Cambodia after withdrawal of all Americans, officials and private citizens. The Foundation continues to review its programming in the field with special attention given to duplication. Each country program was carefully studied with the Station with particular reference to programs being carried out by State, A.I.D., USIA,

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The Peace Corps, as well as those of Ford, IVS, Rockefeller and other non-Government organizations. In all instances where TAF programmed in the same areas, it was ascertained that TAF programming either complimented or was catalytic but did not duplicate. A similar study was carried out with regard to programming redundancy, i.e., doing more than necessary in certain fields or repeating assistance to an excessive extent.

During FY-1965 a series of seminars were conducted by the Agency to better inform and integrate the TAF staff into the Agency and U. S. Government operational efforts in Asia. In the first seminar eight young assistant representatives were given a full weekend exposure by an OTR officer to Agency tradecraft, organization and functioning of the Intelligence Community, the Agency Mission and TAF's role in support of that mission. A third seminar in which Chief, FE participated was designed to further integrate TAF programming in specific areas of Station interest and improve field liaison. Additional seminars on labor and youth and students are planned for FY-1966. In addition to the seminars described above, the Staff has taken the following actions during the year to integrate TAF capabilities more closely with those of our field stations:

(1) In mid-April of this year, TAF President Haydn Williams was given a two-day training course on the Agency mission, organization and modus operandi. OTR subsequently provided Williams with training materials for in-house training courses at the TAF West Coast installation.

(2) At our request, OTR provided TAF the services of a consultant who helped them develop a language training program and construct a small language laboratory. OTR has since provided a selection of language tapes and books for use in this laboratory.

(3) To give field stations more lead time in reviewing TAF programs, TAF representatives were asked in August 1964 and August 1965 to prepare projected budget estimates for the year beyond the current fiscal year. This means that stations now have over a year before final Agency approval of a TAF annual program in which to help the TAF Representative better orient the program to Station and U. S. Mission operational objectives.

The above training exercises and changes in procedure have not only improved the Agency's functional and operational guidance to TAF but have also helped TAF President Williams

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create in his staff a sense of belonging to a larger professional team here in Washington, and a conviction that they are providing in their own way an important contribution toward common U. S. national objectives.

e. Problems: A continuing problem for TAF is one of maintaining its cover as a private foundation; not so much in Asia as in American academic, foundation and press circles. The CA Staff is presently working with Cover Division and other elements of the Agency to develop an improvement in funding cover which would enable TAF to issue financial reports and generally to be able to conform to pending legislation in Congress.

f. Liaison: TAF Representatives continue to maintain all necessary liaison with U. S. Government officials and officers, either through contact in their overt capacity or through the Station, which covertly represents TAF on the Country Team.

g. Interagency Coordination: Normal program policy liaison was carried out with the Department of State, in Washington and abroad.

h. Plans: During FY-1966 TAF will strive to remain in place in Cambodia, help shore up the non-military effort in South Vietnam, respond selectively to requests for assistance from the new Government of Ceylon and build further on its access to the intellectual left in Japan. The Foundation's unique access to the inner circles of Buddhism will be utilized, with priority on programs which point this emerging political and social force in constructive directions. Further direct support to the [] program will be provided wherever possible. Continued efforts will be made to place American advisors in positions with Asian Governments and private institutions where U. S. guidance can be applied.

i. Costs: Three Headquarters case officers, one security CE officer and two secretaries spend full time on the operations of this project.

**Total Proposed Budget FY-1966
(With Comparisons to FY-1965)**

<u>Administration</u>	<u>FY-1965</u>	<u>FY-1966</u>
San Francisco and New York	[]	[]
Overseas		
*Special Category B	C .	[]

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Programs

Overseas
San Francisco Administered
Support
*Special Category A
*Special Category C
*Special Category D

FY-1965

[Redacted]
[Redacted]
[Redacted]
[Redacted]
[Redacted]

FY-1966

[Redacted]
[Redacted]
[Redacted]
[Redacted]
[Redacted]

President's Reserve Fund

\$ [Redacted]

Special Anti-Communist Development

TOTAL BUDGET

* This includes the allotment of in FY-1964 Funds approved 26 June 1964 for program and administrative expenses expended in FY-1965.

Program Categories (FY-1966)

% of Budget

Category

Amount

Program

Education
Economic Labor Action
Rural Development
Civic and Community Action
Communications/Media
Youth and Students
World Affairs/Intellectual
Understanding
Social Science and Research
Law and Government
Science and Technology
Services for Asians Travel or
Study in the U. S.
Cultural and Intellectuals
Assistance to Professional and
International Organizations
Development (D&TO)

[Redacted]

TOTAL

100%

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Program Funds Available for Development in FY-1966

	<u>Development</u>	<u>Total Program Funds</u>
Afghanistan	[Redacted]	[Redacted]
Cambodia	[Redacted]	[Redacted]
Ceylon	[Redacted]	[Redacted]
Hong Kong	[Redacted]	[Redacted]
India	[Redacted]	[Redacted]
Indonesia	[Redacted]	[Redacted]
Japan	[Redacted]	[Redacted]
Korea	[Redacted]	[Redacted]
Laos	[Redacted]	[Redacted]
Malaysia	[Redacted]	[Redacted]
Pakistan	[Redacted]	[Redacted]
Philippines	[Redacted]	[Redacted]
Republic of China	[Redacted]	[Redacted]
Ryukyus	[Redacted]	[Redacted]
Thailand	[Redacted]	[Redacted]
Vietnam	[Redacted]	[Redacted]
San Francisco	[Redacted]	[Redacted]
TOTAL	[Redacted]	[Redacted]

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PROGRAM CATEGORIES (FY 65)

<u>Category</u>	<u>Amount</u>	<u>% of Program Budget</u>
Education		30.3
Economic/Labor Action		8.9
Rural Development		1.7
Civic & Community Action		4.3
Communications/Media		6.2
Youth & Students		7.9
World Affairs/International Understanding		4.7
Social Science & Research		7.3
Law & Government		5.6
Science & Technology		3.4
Services for Asians' Travel or Study in U.S.		3.4
Cultural Projects		2.2
Assistance to Professional & International Organizations		1.5
Development (D&TO)		12.4
TOTAL....		100 %

PROGRAM FUNDS AVAILABLE FOR DEVELOPMENT IN FY-1965

	<u>Development</u>	<u>Total Program Funds</u>
Afghanistan		
Cambodia		
Ceylon		
Hong Kong		
India		
Indonesia		
Japan		
Korea		
Laos		
Malaysia		
Pakistan		
Philippines		
Republic of China		
Ryukyus		
Thailand		
Vietnam		
San Francisco		
TOTAL...	12	

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DEFINITIONS OF MAJOR PROGRAM CATEGORIES

Education: Examples of TAF programming under this general category: textbook production in Afghanistan, Malaysia, and Laos to pre-empt Sino-Soviet initiatives; assistance to Buddhist educational institutions and lay centers in Ceylon, Thailand, Vietnam and Laos; travel and educational grants to promising young Asians to study in this country or at an appropriate institution in Asia; and placement of American professors in Asian universities who in many cases - Singapore, Laos, Afghanistan and Thailand - also act as advisors to the government.

Development: These are the funds available to the Representative for the development of new projects during the program year. In his budget presentation, the Representative is required to list under the general category of "Development" those projects or activities which he has under active consideration but which have not matured to the point of presenting a firm Project Proposal to his Home Office. In the absence of development funds, the Representative's role would be simply to administer and report on on-going, approved projects. In other words, it is the development funds which keep the Foundation alive and permit the Representative to seek out and explore new opportunities for programming.